

THE TRF EMPLOYER

August 2006
Volume 5, Issue 1

Inside This Issue

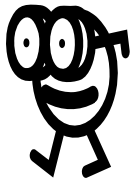
- *Employer Rate*
- *Online Search for Inactive Accounts*
- *Letter from Executive Director*
- *Reemployed Retiree's*
- *Employer Certification for Retirement*
- *We Want to be Where You Are*
- *Military Service*
- *Payments for Quarterly Reporting*
- *Acceptable Service Compensation*
- *IRA Deduction for Reemployed Retiree's*
- *Web News*
- *Online Adjustments*

Employer Rate for 96 Fund

The Employer Share and FSP contribution rate for the fiscal year July 1, 2006 through June 30, 2007 remains at 7.0%.

Online Search for Inactive Account

TRF has several inactive member accounts, which have a balance but are no longer earning interest. We would like your help in trying to locate these members by encouraging school corporations and their staff to search our online database. This database can be searched by member name, city or last known school corporation where the teacher was employed. If the search is successful, the member should complete a voluntary withdrawal application to receive funds from their annuity savings account.



Letter from Executive Director, Cristy Wheeler



I am honored to be the new Executive Director of the Indiana State Teachers' Retirement Fund. During my 24 years of practicing law in the State of Indiana, I have counseled a number of large Indiana companies on the design, investment and implementation of their defined benefit and defined contribution pension plans. I was born in Indiana and have lived here all my life. My mother, Bertie Crago, is a retired Indiana teacher who taught in Monticello and Greenfield. My actions will always be driven by the mission of the Indiana State Teachers' Retirement Fund, "to prudently manage the Fund in accordance with fiduciary standards, provide quality benefits, and deliver a high level of service to its members, while demonstrating responsibility to the citizens of the state."

Let me introduce to you the new Board of Trustees for the Fund. I have been very impressed with the exceptional dedication and experience these individuals bring to our Board:

President: Don Bennett, Partner, Baker & Daniels Law Firm, Indianapolis

Vice President: Tim Walsh, Principal, Walsh Financial Services, Crown Point

Secretary: Karen Davis, Teacher, North Gibson School Corporation, Princeton

Trustee: Kevin Boehnlein, Investment Advisor, Edward Jones, Clarksville

Trustee: Chuck Schalliol, Director of the Indiana Office of Management and Budget, Indianapolis

Trustee: Cari Whicker, Teacher, Riverview School, Huntington

I have also made a few organizational design and personnel changes at the Executive Staff level. The following are the Executive Staff: Crystal Lawson, Deputy Director and Director of Operations; Bob Newland, Deputy Director and Chief Investment Officer; Tom Abbett, Controller; Tom Davidson, General Counsel; Ken Smithee, Human Resources Director and David Yeater, Internal Auditor. I can assure you they are all experienced professionals who continually strive to improve the performance of their groups and the service we provide to you.

It does not seem possible that nine months have already passed since I arrived at the Indiana State Teachers' Retirement Fund. On behalf of Governor Daniels, the Board of Trustees and the staff of the Fund, thank you for your dedication to the education of the young people of Indiana!



Employer Certification for Retirement

Retirement processing season is once again in full swing. If you have not yet submitted the final Part 2 for your new retirees, please do so immediately. We are unable to finalize their retirement benefit without having a balanced Part 2, which does delay the benefit to the member. If we receive a completed application from the member and have been in communication with you, it may become necessary to direct the member to your office. If you need assistance in completing this form, please contact the Fund to speak with a retirement counselor.

Reemployed Retiree's

The area of reemployed retirees is complex and can be confusing. This article is designed to explain how the supplemental retirement benefit is calculated for reemployed retirees when they separate from service and retire again.



When a retired member of TRF reemploys in a position covered by either TRF or PERF, the reemployed member may be eligible for a supplemental benefit when the teacher separates from employment and retires again. All reemployed retired members are considered to be actively teaching whether they are reemployed under a contract, part-time or substitute teaching. Additionally, TRF membership is required. If the reemployed teacher has an employment relationship with a covered employer that lasts for a period of at least 90 days within the year, the teacher is entitled to a supplemental benefit when they separate from employment and retire again. If the teacher does not have a 90 day employment relationship when they separate from service, they are only entitled to a refund of their Annuity Savings Account (ASA) contributions, if any were made during the period of reemployment.

Upon termination of reemployment, the retirement benefits prior to the member's reemployment, which are payable after termination, shall be paid without change. The additional retirement benefit consists of the sum of a supplemental pension and a supplemental annuity. The supplemental pension is computed using the member's:

- Years of service during the member's reemployment; and
- Average of the annual compensation during the member's reemployment.

For example: A teacher receiving a \$30,000 annual pension benefit reemploys in a covered position for two years and earns \$20,000 in the first year of reemployment and \$26,000 in the second year of reemployment. The supplemental benefit would be calculated by adding the compensation together which would equal \$56,000; dividing the sum by two which would equal \$28,000. The next step would be to multiply \$28,000, times the factor of .011 and the years of reemployed service (2). The product equals the annual amount of the supplemental benefit; in this example, \$616.00. The supplemental benefit is added to the original benefit amount.

We Want to be Where You Are

Providing early education for your staff leads to greater understanding of the retirement process. Currently, we are in the process of scheduling pre-retirement workshops for the upcoming school year. Workshops are available after school, on Saturdays or as a part of your teacher in-service days.

These pre-retirement workshops will explain the member's annuity savings account as well as the options for receiving the annuity at retirement. In addition, we will cover the various pension options and retirement process in general. If you have a specific topic, we can customize the presentation to fit your needs.

We will be contacting schools in your area to schedule workshops. If you are interested in sponsoring a workshop for your staff and/or teachers in your area, please call us to reserve the date and time of your choice.



Military Service

As our soldiers return to the classroom from active duty, many questions surface regarding the employer's responsibility in reporting contributions and service to TRF. The laws governing an employer's liability on this matter are documented in the Federal Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994. This law is codified at 38 U.S.C § 4301. In an effort to further assist in reporting military service, we have published on our website a Military Service Credit Primer in the "Active" members section located under "Service Credit". Please note that if a member qualifies for Military Service, the required information should be reported using the *Leave of Absence Verification* form which can also be found on our website in the "Forms" section under "Active Members".

Acceptable Severance Compensation

Through the years, retirees and employers have been offered an increase in the number of ways in which the retiree can receive their severance payments. Whether the retiree elects to receive the severance pay in cash or roll it directly into a tax-deferred vehicle, there are certain guidelines that must be followed in order for this severance pay to be included in the retiree's pension benefit with TRF. To ensure the severance amounts are properly credited the following criteria must be followed:

- ♦The severance amount is shown on the teacher's final contract as "an amount payable in contemplation of retirement pursuant to IC 5-10.2-4-3(e)."
- ♦The severance amount is processed within the teacher's final contract (and in any event before 12 months following the teacher's retirement).
- ♦The School Corporation's payroll report reflects the severance amount.
- ♦The appropriate TRF contributions (3% for all, plus employer contributions if in 96 plan) are reflected and remitted to TRF.
- ♦The School Corporation reports the severance amount and appropriate contributions on its quarterly wage and contribution report filed with TRF.
- ♦The severance is paid by the School Corporation directly to the teacher or to an account for the teacher, as dictated by the collective bargaining agreement.



Payments for Quarterly Reporting

In our continuing effort to streamline our quarterly wage and contribution processes we are requesting payments for quarterly contributions to be limited to 4 checks or less. Checks should be sent for the separate contribution amounts listed on the payment transmittal form or combined into one check for the full quarterly contribution amount. The four contribution types as they appear on the payment transmittal are:

1. Total Mandatory Contributions
2. Total Voluntary Contributions
3. Employer Share (ERP) @ 7%
4. FSP Contributions @ 7%

IRA Deduction for Re-employed Retiree's

With many retirees returning to teach it is important not to forget that TRF is a qualified retirement plan and therefore a re-employed retiree or their spouse, may not be eligible for a tax deduction on their IRA contributions. Members should consult their financial advisors and/or the IRS.

Contacting The Fund

Local	(317) 232-3860
Toll Free	(888) 286-3544
TDD/TYY	(317) 233-3306
Fax Number	(317) 232-3882
Website	www.in.gov/trf
Email	trf@trf.in.gov

Indiana State Teachers' Retirement Fund
150 West Market Street, Suite 300
Indianapolis, Indiana 46204-2809

Presorted Standard
US Postage Paid
Indianapolis, IN 46204
Permit No 7374

Web News

The TRF website look has changed. Start surfing to familiarize yourself with our new layout and design. Need assistance or looking for a form? Our website contains information to answer many of your questions. Some of our most popular features are:

On-line Help - This system is designed to give members' and employers' a quick means to talking with a representative from our agency to answer any questions they may have.

TRF University - Can't find the information you need? Use the knowledge base system by typing in the topic of interest and all the pertinent pages will be listed.

Coming Soon

An Online Maintenance System which will allow you, the employer, to get connected. Some of these features will include:

- ✓ Employment Verification
- ✓ Wage and Contribution Reporting

Online Adjustments

We now offer the option to report quarterly wage and contribution adjustments to prior quarters on our website. If you have ever submitted your regular quarterly wage and contribution report online, then you use the same procedures to submit wage and contribution adjustments online. Simply log in with your existing username and password to submit your file. We can also accept negative adjustments through this option if the file is formatted correctly. The file format for negative adjustments is also on our website.

The TRF Employer is published by the Fund to update employers of Fund news and to provide general information about fund benefits. Specific information is available in the Employer Handbook or by contacting the Fund.